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Governor makes secret deal with developers

By Dennis Welch
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Gov. Janet Napolitano eliminated key elements of a major transportation initiative this week, agreeing not to tax homebuilders in exchange for their support and \$100,000 to kick-start the campaign.

View letter from Connie Wilhelm to Gov. Janet Napolitano
[<http://www.eastvalleytribune.com/images/photos/2008/05/09/uotb8ilw.jpg>]

In a secret deal, developers agreed to back the plan for an ambitious statewide transportation measure that will raise the state sales tax by 1 penny.

Napolitano eliminated provisions requiring developers to pay part of the \$42 billion plan to finance freeways, trains, buses and other transportation needs across Arizona. This goes against the governor's stated position that developers should pay their way when it comes to transportation to reduce sprawl and avoid traffic congestion.

Connie Wilhelm, president of the Home Builders Association of Central Arizona, said the governor's office approached the builders late last week with an offer.

The two sides negotiated Monday and Tuesday on an agreement that also includes promises by developers to stay out of a state trust land initiative and work with the governor next year on transportation legislation, Wilhelm said.

"We had been taking a neutral position but were planning to oppose it until we spoke with them (the governor's office)," she said. Wilhelm finalized the agreement in a letter she signed and sent to the governor's office Tuesday.

That same day, the governor filed paperwork for the massive transportation tax package that, if approved by voters in November, will be financed with a 1-cent sales tax increase over the next 30 years.

The \$100,000 promised by the builders will help pay to collect 153,400 signatures needed to get the proposal on the ballot. They have until July 3 to get the required signatures.

Dennis Burke, the governor's chief of staff, said they were not trying to do anything underhanded. "There's nothing wrong with this," he said. "This is how you negotiate."

He added the deal needed to be made for the sake of winning over an influential group that has fought against similar measures in the past.

The measure was crafted by a group called the Transportation and Infrastructure Moving Arizona's

Economy or TIME Coalition. It has the full support of the governor who also was involved in last-minute negotiations to win support of the developers.

Tomas Ziemba, a spokesman for TIME, said others, not just the governor, were involved in the decision to cut the provisions regarding developers helping to pay for infrastructure. While she was involved, he said, it was a group decision.

"Look, we didn't take that much off the table in terms of funding," Ziemba said Friday afternoon.

Wilhelm, however, was insistent that she only dealt with Napolitano's office.

Specifically, elements that made developers pay more impact fees and taxes to help pay for transportation projects were dropped. Originally, the measure called for them to pay state impact fees — something they currently pay at the local level, but not for the state. Homebuilders also agreed to back off opposition to a second initiative sponsored by environmental groups aimed at putting 570,000 acres of state trust land off limits to development. Homebuilders in the past have fought hard to defeat similar proposals.

Spencer Kamps, lobbyist for the homebuilders group, defended the deal that would put the financial burden for major infrastructure and transportation systems on all Arizona residents.

"Everybody uses it," he said.

Jack Lunsford, a member of the TIME Coalition that is pushing the ballot measure, said there were legitimate reasons to redraft the initiative to remove development fees. Some of them, he said, were purely practical.

He said there is a "cycle of home development" in Arizona, as shown by the current slump.

"So what happens to the revenue stream in terms of predictability?" he asked. Lunsford said it is easier to calculate how much a penny hike in the sales tax will generate.

Capitol Media Services contributed to this report.



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